International Trade Theory and Policy

Economics 300a, Fall 2005
MW 9:00-10:15 AM
LUCE 202

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Course Description
This course provides an introduction to the basis, consequences and policies of international trade and to the multilateral trading system and institutions such as the World Trade Organization. It also will cover the ongoing Doha Round of multilateral trade negotiations and its implications for the future of the global trading system. Adequate knowledge of intermediate microeconomics is required.

Required Text  [Available at the Yale Bookstore]


Recommended Books


**Additional Books on Reserve**


The required and recommended books will be placed on reserve at CCL. All readings from KO and I are required. Additional required reading assignments will be assigned throughout the course (and either placed on reserve or distributed in class). Note that the readings from Bhagwati, Panagariya and Srinivasan (1988) and Feenstra (2003) are at the level of a graduate course.

**Class Web Page**

A web page has been set up for this class on the classes server (http://classes.yale.edu). Materials, such as problem sets, will be uploaded to the web page as necessary.
**Course Grading**
There will be a midterm exam emphasizing problem solving and working with theoretical models that will account for 40% of the grade. There will be a final term paper accounting for 30% of the grade (see below). Participation in class debates will account for 10% of the grade (see below). The remaining 20% of the grade will consist of weekly problem sets.

**Class Debates**
We will hold a series of debates over the last four classes (Nov. 14, 16, 28, 30). Students will be divided into a pro- and con- position and asked to debate the issue. Possible topics include:

I. Is there a need for a Multilateral Trading System?
II. Globalization: Is it good or bad?
III. Agricultural liberalization.
IV. Services liberalization.

**Final Term Paper**
Choose preferably one of the four debate topics or its subtopics. If you prefer to write a paper on a different topic, you should do so in consultation with Professors Srinivasan and Zedillo early in the term. Evaluate your chosen topic analytically from an economic perspective. The paper should not exceed 5,000 words in length. It is due December 16 at 5pm. Please send it by e-mail to both Professor Zedillo (ernesto.zedillo@yale.edu) and Professor Srinivasan (t.srinivasan@yale.edu).

**Public Lectures**
Students are encouraged to attend some public lectures on trade-relevant topics which will take place on campus during the semester. The information for these lectures will be announced in class.

**Course Outline**
**Lecture 1 (8/31):** Introduction.
KO 1

**Lectures 2 & 3 (9/5, 9/7):** The Ricardian Model.
KO 1 & 2
I 1

**Lecture 4 (9/12):** Review of Basic General Equilibrium Model.
KO 3
I 2

**Lecture 5 (9/14):** Specific Factors Model.
KO 3

**Lectures 6-8 (9/19, 9/21, 9/26):** The Heckscher-Ohlin-Samuelson Model.
KO 4 & 5
I 3
Lecture 9 & 10 (9/28, 10/3): Imperfect Competition, Scale Economies and Trade.
   KO 6
   I 4

Lecture 11 (10/5): Trade and Growth.
   KO 5
   I 5

Lecture 12 (10/10): Trade and Factor Mobility.
   KO 7

Lectures 13-15 (10/12, 10/17, 10/19): Trade Policy.
   KO 8-11
   I 6-7

Lecture 16 (10/24): Midterm Examination.

Lectures 17 (10/26): Preferential Trade Agreements.
   Readings, TBA

Lectures 18 (10/31): Trade and Development.
   Readings, TBA

   Readings, TBA

Lecture 20 (11/7): The Doha Round.
   Readings, TBA

Lectures 21 (11/9): Globalization and Other Trade Issues.
   Readings, TBA


Term Paper Due 12/16 at 5pm.